

The Farm Service Agency ensures the well-being of American agriculture, the environment and the American public through efficient and equitable administration of farm commodity programs; farm ownership, operating and emergency loans; conservation and environmental programs; and emergency and disaster assistance.

Kentucky FSA employees work hard to fulfill that mission.

### **Making Credit Available to Kentucky Producers**

FSA makes and guarantees loans and provides credit counseling and supervision to farmers who are temporarily unable to obtain private commercial credit. FSA loan applicants are often beginning farmers who do not qualify for conventional loans because of insufficient net worth, or established farmers who have suffered financial setbacks from natural disasters or economic down turns.

Under the Guaranteed Loan Program, FSA guarantees loans made by commercial agricultural lenders for up to 95 percent of any loss. FSA offers Direct Loans to those unable to qualify for a Guaranteed Loan.

**\$ 29.9 Million Available to Kentucky producers:** Kentucky Farm Service Agency county offices approved a total of 690 loans for \$29,899,588 to producers. In FY 2004, Kentucky made 1,042 direct loans for \$23.7 million. Kentucky

ranks 3rd in the nation with nearly 3,600 direct loan borrowers.

**\$12.9 Million in Farm Ownership Loans:** Farm ownership loans may be used to purchase or improve real estate or reorganize the farm business. During fiscal year 2004, 63 loans were approved making \$12,983,380 in credit available to Kentucky Producers through the FSA Direct and Guaranteed Farm Ownership Loan programs.

**\$16.9 Million in Farm Operating Loans:** Farm operating loan funds may be used for normal operating expenses, machinery and equipment, real estate repairs, and refinancing debt. In fiscal year 2004, 627 loans were approved totaling \$16,916,208, in Direct and Guaranteed Farm Operating Loans.

**\$6.9 Million in Loans to Beginning Farmers:** 171 of the Farm Operating and Farm Ownership loans made in fiscal year 2004 were made to beginning farmers. Loans totaled \$6,944,515. In 2004, FSA entered into a partnership with the Kentucky Agricultural Finance Authority on a program designed to meet the needs of young farmers. The program will allow borrowers to finance 100% of the loan through FSA's Joint Financing Farm Ownership Program.

**\$1.5 Million in Loans to Socially Disadvantaged Applicants:** A socially disadvantaged applicant is one of a group whose members have been subjected to racial, eth-

nic, or gender prejudice because of his or her identity as a member of the group without regard to his or her individual qualifications. 113 farm ownership and operating loans totaling \$1,524,376 were made to socially disadvantaged applicants in fiscal year 2004. Kentucky ranks 5th nationally in the number of loans made to Socially Disadvantaged farmers.

**\$290,000 in Emergency Loans:** Kentucky producers received loans of \$290,000 to producers who suffered losses due to natural disasters.

### **Helping Kentucky Producers through Price Support and Farm Programs**

Farm programs are designed to improve the economic stability and viability of the agriculture sector and to help ensure the production of an adequate and reasonably priced supply of food and fiber for American citizens.

Each program dollar paid to a producer turns over in the local community an estimated seven times.

**\$ 150.5 Million in Farm and Program Support:** Kentucky producers received \$150.5 in Commodity Credit Corporation program benefits in fiscal year 2004.

## Kentucky Accomplishments for Fiscal Year 2004

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**\$59 Million in Direct and Counter-cyclical Program Payments:** The Direct and Counter-cyclical Program helps to stabilize U.S. agriculture by providing payments to eligible producers who enroll their farms each fiscal year during the life of the current farm bill. Over 64,000 Kentucky producers enrolled in the Direct and Counter-cyclical Program for fiscal year 2004 and received \$59,077,669 in direct payments. Kentucky ranked 27th nationally in total DCP payments.

**\$37.4 Million in Marketing Assistance Loans:** Marketing assistance loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. In fiscal year 2004, Kentucky made 572 commodity loans for \$37.4 million.

**\$9.9 Million in Market Gains and Loan Deficiency Payments:** Marketing assistance loans provide producers interim financing at harvest time. A producer realizes a marketing loan gain if the loan is repaid at less than the loan principal. Producers who agree to forgo a marketing assistance loan may obtain a Loan Deficiency Payment (LDP). Kentucky producers received \$9,918,849 in market gains and LDP payments in fiscal year 2004, ranking Kentucky 14th nationally.

**\$3.5 Million in Milk Income Loss Contract (MILC) Payments:** FSA's MILC program compensates dairy producers when domestic milk prices fall below a specified level. In FY 2004, Kentucky dairy operators received \$3,598,306 in payments to help

compensate for low milk prices. Kentucky ranked 16th nationally.

**\$2.4 Million in Crop Disaster Assistance:** Kentucky producers who suffered losses to agricultural commodities due to damaging weather or related conditions in 2001 or 2002 were reimbursed \$2,413,872. Kentucky ranked 39th nationally. To qualify for reimbursement, production must have exceeded 35 percent and quality losses must have exceeded 20 percent.

**\$29.6 Million in Conservation Reserve Program Payments:** Land owners enroll environmentally sensitive lands for terms of 10 to 15 years in the Conservation Reserve Program (CRP). In return for planting a protective cover, they receive an annual rental payment. Cost-share and incentive payments are also available. Kentucky has 13,262 contracts protecting nearly 330,000 acres. Kentucky producers received \$29,695,504, making the state the 19th largest recipient of CRP funds nationally.

**\$1.4 Million in Conservation Reserve Enhancement Program (CREP) Payments:** CREP is a Federal, State, and Local partnership targeting an 8 county watershed of the Upper Green River. The Green River is the most biologically diverse and rich branch of the Ohio River system. At the end of FY 2004 there were 394 contracts covering 8,395.6 acres under CREP. In fiscal year 2004, 164 contracts were approved totaling 2,868.9 acres.

**\$3.6 Million in Environmental Quality Incentive Program Payments:** EQIP helps farmers improve their land by protecting the environment and conserving

soil and water resources. Kentucky producers received \$3,630,662, ranking 35th nationally.

**\$3.7 Million in Emergency Conservation Program Payments:** ECP provides emergency cost-share funding for farmers to rehabilitate farmland damaged by natural disasters that create new conservation problems. The assistance may be used for removing debris from farmland; grading, shaping and re-leveling farmland; and restoring livestock fences. Kentucky producers received 3,710,196, the highest in the nation for fiscal year 2004, to help farmers restore farmland damaged by natural disasters.

**Tobacco Price Support Program:** FSA is responsible for administering the tobacco marketing quota and price support program. This includes distributing the production quota and overseeing the price support program for all types of tobacco grown in Kentucky. There are nearly 114,000 farms with tobacco quota in Kentucky.

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